

Message Text

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ORIGIN EB-02

INFO OCT-01 EUR-02 IO-02 ISO-00 /007 R

66604

DRAFTED BY EB/FTD:WCMIMS:HM

4/18/75 EXT. 22690

APPROVED BY EB/FTD:AJWILLIAMS

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P 181534Z APR 75

FM SECSTATE WASHDC

TO AMEMBASSY ATHENS PRIORITY

USMISSION GENEVA PRIORITY

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ATHENS FOR MICHAEL B. SMITH

GENEVA FOR PHELAN

FOLLOWING SENT SECSTATE WASHDC FROM BOGOTA 16 APR 75:

QUOTE LIMITED OFFICIAL USE BOGOTA 3486

FOL TEL, RECVD APR 15 FROM AMCONSUL MEDELLIN, REPEATED
YOUR INFO:

LIMITED OFFICIAL USE MEDELLIN TELEX NO. 6

FOR THE ATTENTION OF DCM, AMB, ECON COUNSELLOR

SUBJ: TEXTILE NOTES RELATED TO RECENT NEGOTIATIONS

1. TEXTILE INDUSTRY SOURCES HAVE GIVEN THE CONSULATE A PLAUSIBLE
EXPLANATION AS TO THE ORIGIN OF THE LARGE DISCREPANCY BETWEEN
USG AND GOC STATISTICS ON COLOMBIAN TEXTILE EXPORTS TO THE UNITED
STATES. THE EXPLANATION IS THAT COLOMBIAN MANUFACTURERS
PARTICIPATING IN THE CUT AND SEW DRAWBACK TRADE
UNDER THE PLAN VALLEJO
ARE SIMPLY CHEATING THE GOC. THEY IMPORT DUTY FREE UNDER THE
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PLAN VALLEJO X AMOUNT OF TEXTILES OSTENSIBLY FOR CUTTING AND

SEWING AND RE-EXPORT. HOWEVER, WHILE REPORTING THE RE-EXPORT OF THE ENTIRE AMOUNT IN FACT THEY ONLY RE-EXPORT PART, SAY ONE HALF THE X AMOUNT ORIGINALLY IMPORTED. THE REMAINDER IS SOLD ON THE DOMESTIC MARKET WITHOUT THE PAYMENT OF IMPORT TAXES. THE SOURCES SAID THIS PRACTICE IS WIDESPREAD AND COULD EASILY ACCOUNT FOR THE LARGE DISCREPANCY IN STATISTICS. THE SOURCES ASSUME THAT THE GOC IS AWARE THAT BECAUSE OF THIS FACTOR THE US STATISTICS ARE MUCH CLOSER TO REALITY THAN COLOMBIAN STATISTICS.

2. THE PIERRE CARDIN RESIDENT REPRESENTATIVE IN MEDELLIN, GENE KASAKOVE, HAS FLATLY DENIED THAT THE US MANUFACTURER WILL BE PULLING OUT OF ITS MEDELLIN PRODUCTION AND ITS ARRANGEMENT WITH EVERFIT. HE GAVE THE CONSULATE THE FOLLOWING ACCOUNT: BY MUTUAL AGREEMENT, EVERFIT AND PIERRE CARDIN DECIDED TO CUT BACK TEMPORARILY ON PROJECTED PRODUCTION FOR DMPORT FOR PIERRE CARDIN BUT EXPORT PRODUCTION IS ALREADY BACK NEAR EARLIER LEVELS (ABOUT 6,000 SUITS PER WEEK). THE OUTLOOK IS FOR STEADILY INCREASING PRODUCTION FOR EXPORT FROM EVERFIT, AND KASAKOVE EVEN HINTED THAT A MAJOR EXPANSION PLAN MAY BE IN THE WORKS. HE SAID THAT PIERRE CARDIN OUTLETS IN THE US HAVE BEEN MORE THAN SATISFIED WITH THE QUALITY OF THE EVERFIT SUITS. THE ONLY TROUBLE WITH THE EVERFIT OPERATION HAS BEEN LAGGING DELIVERIES, BUT THIS PROBLEM IS BEING RESOLVED. KASAKOVE ACKNOWLEDGED THAT PIERRE CARDIN WILL BEGIN PRODUCTION OF SUITS IN THE US FROM TWO FACTORIES (A PANTS FACTORY AND A JACKET FACTORY); HOWEVER, HE SAID PRODUCTION CAPACITY FROM THOSE TWO PLANTS IS A TOTAL OF ONLY 2500 SUITS WEEKLY AND DOES NOT THREATEN THE EVERFIT PRODUCTION. KASAKOVE SAID PIERRE CARDIN IS TERMINATING ITS CONTRACT WITH THE BOGOTA PRODUCER BLASON BECAUSE OF POOR QUALITY AND OTHER PROBLEMS. ALBERTO VASQUEZ, WHO IS CLOSE TO THE CARDIN OPERA-TION, CONFIRMS THE KASAKOVE ACCOUNT. COOPER UNQUOTE VAKY UNQUOTE KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXTILES, DIPLOMATIC NOTES, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: buchantr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE089089
Document Source: CORE
Document Unique ID: 00
Drafter: WCMIMS:HM
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750136-1100
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750437/aaaabiii.tel
Line Count: 96
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: buchantr
Review Comment: n/a
Review Content Flags:
Review Date: 02 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 JUN 2003 by BoyleJA>; APPROVED <08 OCT 2003 by buchantr>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TEXTILE NOTES RELATED TO RECENT NEGOTIATIONS
TAGS: ETRD
To: ATHENS GENEVA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006